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ABSTRACT

After discussing current community college financial problems, this paper examines the acquisition of alternative funding through the application of marketing strategies and strategic planning. The paper first differentiates marketing from sales or promotion and then describes the ability of a marketing program to attract new consumers and to provide early identification of potential threats to the college, such as community apathy, reduction in state funding, or competition from other institutions. The role of long-range strategic planning in the marketing process is then explained as a way in which colleges in search of alternative funding sources attune their planning efforts to institutional survival in the realization that continued existence cannot be taken for granted. A discussion follows of the ways in which the college bookstore and other college operations that are tied to the college's mission may legitimately serve as profit-making enterprises and thus reduce dependence upon legislative funding. Finally, the paper discusses the implementation of a college marketing program and suggests the creation of a quality control department to monitor its progress. Included in the appendix are a marketing audit instrument which was specifically designed for community colleges and a form for use in identifying and evaluating marketing issues. A bibliography is included. (JP)

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STRATEGIC MARKETING PLANNING:

CREATIVE STRATEGIES FOR DEVELOPING UNIQUE INCOME SOURCES

by

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The formidable problems that surfaced in the 1970's have placed great strains on traditional sources of revenue and capital for community colleges. The state subsidies, local property taxes, and student tuition and fees, that have served as the pipelines for operating funds to community colleges, have been plagued with stresses brought on by inflation, recession, and the taxpayer's revolt. The pressures stem from reduced collections of state income and sales taxes, the impact of the disgruntled taxpayer that shifted the funding burden in many cases from local districts to state treasuries, and the chronic burden of inflation that has limited the ability of students to pay even the most modest increases in tuition. All of these forces have come together in the late 1970's and now present a dilemma for administrators faced with the task of maintaining quality learning environments in community colleges. The old adage "you can't get there from here" would seem to be a good excuse to let us all accept the fate of living with less. Not every college has choosen this "easy way out", however, since innovative approaches have been taken by a few colleges in order to find alternative sources of revenue that promote quality improvements in academic programs. These colleges are tapping unique funding opportunities through the application

of strategic planning and marketing--techniques that have been used successfully in business and industry. The adoption of this "business-like" approach demands a wholly new way of looking at a college's mission and customers. This approach is characterized in this paper as Strategic Marketing Planning.

The purpose of this paper is to describe the application of strategic marketing planning to community college funding problems and to delineate pathways to alternative sources of funding quality higher education. I attempt to achieve this by answering the following four questions:

1. What is marketing?
2. What is strategic marketing planning?
3. What are unique funding sources for community colleges?
4. What creative techniques can be used by colleges to tap unique funding sources?

Each of these questions is considered in the context of the turbulent environment present at the dawn of the 1980's: double-digit inflation, declining enrollments, federal regulation, rising competition among colleges, and societal demands for accountability.

WHAT IS MARKETING?

The word marketing is often confused with terms like sales promotion, advertising or public relations. Marketing is not sales promotion, advertisement or public relations. Marketing is made of the stuff that ensures that people are satisfied with the services they receive. In an effort to help you differentiate between these dimensions I offer an analogy that is based on the natural process that unfolds

when a boy first meets a girl. If, during the first meeting between this boy and girl, he tells her how lovely she looks, how much she means to him and how much he loves her--that's sales promotion. If, instead, he impresses on her how wonderful he is-- that's advertising. If the girl agrees to go out with him because she's heard from others how great he is--that's public relations. And finally, if the girl admits in the end that she is fully satisfied--that's marketing. Sales, advertising, and public relations are important, but they are not the same as marketing. Without the "satisfaction" component in the analogy given above, the boy would have fallen far short of his goal. Likewise, in marketing, the achievement of customer satisfaction is the true measure of power released by the application of marketing techniques.

Another thing you should know about marketing is that it is no panacea. There are many things it cannot do, and often colleges have unrealistic expectations of what short-term application of marketing techniques can achieve. I offer several disclaimers for marketing to temper your expectations:

(1) Marketing cannot cover-up for poor quality programs. These "losers" can't be swept under the rug. Before results can be expected from marketing activities the quality of programs and service must be established.

(2) Marketing cannot be expected to create customers in a burnt-out or over-harvested market. When an area is over supplied with college campuses,and too few people to drive them, marketing will do little to improve the health of the organization. In this situation prayer may be the best strategy.

(3) Marketing alone will not overcome high attrition when students leave faster than they can be recruited. Many other forces must be harnessed simultaneously as marketing strategies are employed. Students have to stay in college long enough to get the benefit of things that can satisfy them. We know that many students who register never get into the classroom. This loss may be avoided by developing better vehicles for registering people than presently exist. Marketing is not the appropriate tool in this case.

Marketing can be and is effective in getting new customers, but there is much more to the concept than this utilitarian outcome suggests. Through the detailed use of information in the strategic planning aspects of marketing a host of other possible effects of good marketing can be observed. Many of these effects center on the value of recognizing environmental threats to the college such as consumerism, apathy in the community, revolting taxpayers, reduction in state funding, and rising competition. With the aid of an analysis of the colleges weaknesses, opportunities, threats, and strengths a more flexible and resilient organization can emerge that will be better able to meet the challenge of the turbulent decades ahead. I will discuss these later in this presentation. Marketing can also be helpful in facilitating a college's efforts in exploiting new programs and opportunities, satisfying the actual needs and wants of students, improving the quality and the mix of students, and improving the quality of reasonably healthy academic and technical programs.

What are the results you can expect when you do an effective job of marketing? The brief list that follows contains the outcomes to

be expected of properly run marketing operations. The list includes aspects of the college philosophy toward students, program quality, and the strategic direction of the college in the future. Marketing applied effectively can be expected to:

1. Enable a college staff to make intelligent decisions about the kind of new courses and programs that students need and will also support
2. Help college personnel understand these needs in order to facilitate reasonable modifications of existing programs.
3. Facilitate the tuning of mission, goals, and objectives of the college over the short and long term.
4. Attract new students that the college can best serve with existing resources.
5. Keep current students and satisfy their needs.
6. Develop a well informed community and student body regarding existing programs, services, and resources.

This is by no means an exhaustive list, however it should help define the domain of reasonable expectations for marketing techniques. The list does not include any miracles, mirages or quick cures. In fact,when marketing is done well it becomes inseparable from ordinary effective management or administration. When one looks at the actual deployment of strategies in the six areas listed above it is easy to appreciate the down-to-earth nature of effective marketing practices.

The degree to which a college achieves marketing effectiveness can be assessed through an audit of the marketing process. A comprehensive audit must take into account the dimensions mentioned earlier: college

philosophy, communication linkages, planning, and strategies. The Marketing Index for Higher Education in Appendix A is an example of a marketing audit instrument designed specifically for community colleges. (Kotler, 1977) Any college desiring to launch a full scale marketing effort would be wise to use a questionnaire like this to develop a base-line profile of existing practices.

WHAT IS STRATEGIC MARKETING PLANNING?

In my recent research involving three hundred community colleges, I found that the marketing planning process was poorly developed. College administrators rated their efforts in planning "dead last" in a survey of 15 items that concerned marketing philosophy, research, communication, resources, planning, and new program development. Planning is so important to achieving effectiveness that it is difficult for me to understand how a college could achieve any goal or objective in a consistent manner without it. The strategic planning process has been slow to develop in community colleges, and much needs to be done in order to bring community college practices in line with those of organizations in the private and public sectors that have profited from the process. Strategic planning is a key consideration for colleges that expect to harvest the fruits of unique income sources, and any attempt to generate new sources of revenue must begin with planning.

The future belongs to colleges that learn to use the tools of planning effectively, for as Guy French (1979) says, planning is synonomous with the future and that's where people with intelligence, skill and perception will spend their time and effort (p.6). Peter Drucker, the management consultant-genius, sums it all up this way:

> I can do nothing about yesterday, almost nothing about today, but at least a little about tomorrow, more about next week, a lot about next month and plenty about next year.

The explosive environment of the 1980's causes us to look at the way we plan in a new light. Peter Drucker's recent book entitled Managing in Turbulent Times brings this out loud and clear. The word "strategic" has become a constant companion of what used to be called just plain old ordinary planning. Strategic planning implies long-term as well as direction and focus of the entire organization. It sensitizes us to the mortality of even our most sacred and cherished enterprises by forcing us to consider survival as a thing to be discussed and not to be taken for granted.

Strategic marketing planning is a concept that blends concerns for customer or student satisfaction with the actions that insure survival of colleges in the foreseeable future. Planning in past decades could be accomplished at leisure in a stable or growing context; very few penalties were applied then to those that planned poorly or not at all. In this decade the consequence of not planning strategically will be swiftly felt. George Steiner (1979) gives us a glimpse of the dangers that lurk ahead:

> At precisely 0513 on the morning of April 18, 1906, a cow was standing somewhere between the main farm and the milking shed on the old Shafter Ranch on the outskirts of San Francisco. Suddenly the earth shook, and the cow disappeared; a few feet of tail sticking up in the air was all that remained...The Shafter cow symbolizes the dangers of the turbulent organizational

> environments of our times. Suddenly, and without warning, the forces struck, changing the configuration of the earth, destroying a city, and swallowing a cow. (p.122)

Will we let our community colleges go the way of Shafter's cow? Will only the tail or the tracks remain as a legacy for the 1990's? Unless we come to grips with the funding dilemma, and find ways to redefine our business to include student satisfaction and long term survival, we may find that even a minor tremor in the funding pipelines will upend the exquisite system of people's colleges.

WHAT ARE THE UNIQUE FUNDING SOURCES?

The importance of finding alternative funding to supplement and perhaps replace the traditional sources of revenues cannot be underestimated. In my opinion, colleges that do not actively cultivate these funding frontiers will turn out to be more "cow tail" and be forced to use more policies that "curtail" progress in the next decade. As Paul Firstenberg (1979) says:

> Many nonprofits tend to miss revenue-building opportunities because they do not consider it part of their function to produce income. At a minimum, a nonprofit ought to be willing to invest time and effort in evaluating the potential for generating income through its own business efforts (p.11).

He goes on to say that an organization that falls prey to the psychology of dependence will miss opportunities to affect its own fate. The increasing mandates from the Federal and state governments to colleges and universities have begun to deplete what little capital that does exist. Since these mandates have no additional funding attached to

assure adequate compliance, it is no surprise to any of us that there is nothing left over at the end of each year with which to seed new programs or ideas.

Somehow this cycle must be broken. Some nonprofit organizations have plowed new ground in search of alternative revenues. In 1977, the New York Metropolitan Museum of Art made $1,000,000 by selling art reproductions, greeting cards, and other publications in its shops and book stores (Firstenberg, 1979). Perhaps the large metropolitan community college districts could achieve the same results or better. Coastline Community College in California grossed $400,000 by operating its bookstore in a shopping center located in the district. As a matter of fact, the bookstore of any college may be the best place to concentrate initial efforts at tapping unique revenue sources. You might try asking questions about the various ways of improving the financial results of bookstore operations:

- Is the campus the best possible location for our bookstore? What other locations would be feasible? (shopping centers)?
- Could we open branch operations of our main bookstore throughout the district? What locations do not already have a bookstore?
- How can we diversify and intensify our bookstore operation for raising capital? (calculators, micro computers, software, games, cameras, etc.)?
- What is the best way to restructure the administration of the bookstore? (Marketing committee liason, faculty input, business input, etc.)?

I am sure you can think of many more questions to ask of the bookstore operation on your campus. In fact, we should think of changing the name of the college bookstore to "educational marketplace" or something like it.

The bookstore is just the point of departure. All college campuses have other centers where income is ordinarily collected--other marketplaces. The cafeteria, planetarium, library, photocopy machines, computer center and the numerous points of retail sales where dollars flow to the campus. These could all hold opportunities for revenue expansion.

Another series of questions come to mind concerning the expansion of campus operations to provide richer sources of revenue. These questions focus outside the campus setting where rich rewards can be found, as well as constraints, pitfalls, and headaches. These include:

- What other nonprofit organizations, like ours, engage in profit seeking activities? (video evangelists, clubs, foundations, etc.)
- What assistance can we get to "seed" exploratory ventures in capital formation?
- How do we know these alternative funding ideas are legitmate?

Of course these operations must be consistent with the basic educational mission of the college--either tied to a program interest (technology or business), a function (library), or a need for service (cafeteria or bookstore). As long as the Board of Trustees and the college professional staff agree on the explorations made in the "profit" raising areas, the legitimacy is maintained. Legal advise can be obtained from state authorities if questions remain. The recent successes of the Coast,

Dallas and Miami-Dade community college districts in marketing courses for television are models to be emulated by not only other colleges but industrial-business corporations as well. Nova University proved that higher education offerings do not have to be limited to an institution's "back yard." The Los Angeles Community College District has extended its courses to the Far East and others are following with programs that span the globe. These curriculum break-throughs have generated capital for "idea oriented" institutions so that they can invest in their own futures. The learning outcomes of these productions have been so awesome that it would be ridiculous to question their merit or legitimacy.

WHAT CREATIVE TECHNIQUES CAN BE USED BY COLLEGES TO TAP UNIQUE FUNDING SOURCES?

In any college, prior to beginning the exploration of unique funding sources,it is imperative that the thinking of top level administration be future oriented. This is an aspect of the strategic marketing planning process that demands a college consider the nature of its existence five, ten or 15 years in the future. Questions that facilitate this kind of thinking are:

- Who will be our students in the future?
- What will be their characteristics?
- Where will we educate them?
- What will our courses and programs be like?
- What changes will occur in our campuses?
- What will the faculty be like?
- What will be the costs--to students, of our materials,

equipment, personnel.

. What and who will be our competition (satellite TV, video disc, computer franchises)?

After these questions are considered the college can begin planning for desirable futures; its staff can feel confident that at least a <u>will</u> to survive exists in the college.

After deciding to implement a marketing program, a college may want to consider the development of a <u>Quality Control Department</u> to monitor the planning process and marketing operation. This agency could do the following as Divita (1978) suggests:

1. Set and enforce standards of responsive marketing behavior.
2. Conduct consumer research.
3. Conduct consumer relations.
4. Manage the handling of complaints.
5. Act as a regulatory and legislative liason (accrediting agencies, state and federal governments).

The <u>Quality Control Department</u> could also act on student-consumer appeals, coordinate advertising, and screen academic publications that reach the community. The <u>concern</u> for quality in all college operations is the cement that knits together planning and marketing activities.

Another necessary component in the development of a creative approach to future funding sources is a college-wide agency that concerns itself with the strategic planning process. The strategic marketing planning process must be coordinated by the chief executive officer and his or her staff. The bibliography attached to this paper contains numerous suggestions for implementing the process, and Appendix B

provides three key formats for starting the planning process. These are:

- The structure of the marketing plan
- The seven basic questions in strategic planning
- The WOTS-UP Planning Issues Form

The first two items suggest ingredients that are essential for attaining a satisfactory plan; the WOTS-UP Form (Weaknesses, Opportunities, Threats, and Strengths-Underlying Planning) can be used to scan the environment in order to develop issues and problems for the content of the plan (Steiner, 1979). The WOTS-UP analysis should have wide participation from the entire college; several hundred individual forms may be necessary to cover adequately all strategic issues and problems. I refer you to the references listed in the bibliography for more details about the entire process. I suggest that you concentrate heavily on the opportunities present in your locale in order to exploit each unique situation to the fullest.

SUMMARY

I have spent a lot of time here discussing threats, dangers, and problems -- some mention has also been given to the positive aspects of the future. The planning process and the application of a few key techniques under the rubric of marketing have been given a share of the time here, too. I would like to leave you on a positive note, however, and focus your attention beyond this time, this place and this topic and by so doing set your mind on richer, brighter and more promising prospects. What I've tried to say is best

summarized in the words of our late President John F. Kennedy, who I am sure spoke in this very city on numerous occasions:

> Only an effort of towering dimensions can insure fulfillment of our plan for a decade of progress. As we move foreward, let us take heart from the certainty that we are united not only by danger and necessity, but by hope and purpose as well--we should not let our fears hold us back from pursuing our hopes.

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APPENDIX A

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MARKETING INDEX for HIGHER EDUCATION *

Name _____ Institution _____

Position _____ Date _____

To complete this questionaire mark with an (X) the response box for each question that most appropriately fits your institution. PLEASE MARK ONLY ONE BOX FOR EACH QUESTION.

1. Does administration recognize the importance of designing the institution to serve the needs and wants of chosen markets?

0 ☐ Administration primarily thinks in terms of selling current and new programs to whoever will buy them.

1 ☐ Administration thinks in terms of serving a wide range of markets and needs with equal effectiveness.

2 ☐ Administration thinks in terms of serving the needs and wants of well-defined markets chosen for their long-run growth and income potential for the institution.

2. Does administration develop different offerings and marketing plans for different segments of the markets?

0 ☐ No.

1 ☐ Somewhat.

2 ☐ To a good extent.

3. Does administration take a whole marketing system view (suppliers, delivery systems, competitors, customers, environment) in planning its programs?

0 ☐ No. Administration concentrates on selling and servicing its immediate students.

1 ☐ Somewhat. Administration takes a long view of its delivery systems although the bulk of its effort goes to selling the immediate students.

2 ☐ Yes. Administration takes a whole marketing systems view recognizing the threats and opportunities created for the institution by changes in any part of the system.

4. Is there high-level marketing integration and control of the major marketing functions?

0 ☐ No. Recruiting and other marketing functions are not integrated at the top and there is some unproductive conflict.

1 ☐ Somewhat. There is formal integration and control of the major marketing functions but less than satisfactory coordination and cooperation.

2 ☐ Yes. The major marketing functions are effectively integrated.

5. Do those individuals responsible for the marketing function work well with other college personnel in research, program development, purchasing, and finance?

0 ☐ No. There are complaints that marketing is unreasonable in the demands and costs it places on other departments.

1 ☐ Somewhat. The relations are amicable although each department pretty much acts to serve its own power interests.

2 ☐ Yes. The departments cooperate effectively and resolve issues in the best interest of the institution as a whole.

6. How well organized is the new program development process?

0 ☐ The system is ill-defined and poorly handled.

1 ☐ The system formally exists but lacks sophistication.

2 ☐ The system is well-structured and professionally staffed.

7. When were the latest marketing research studies of students, tuition, delivery systems, and competitors conducted?

0 ☐ Several years ago (5 years or more)

1 ☐ A few years ago. (1 to 4 years)

2 ☐ Recently. (within the past year)

8. How well does Administration know the sales potential and profitability of different market segments, students, territories, programs and delivery systems?

0 ☐ Not at all.

1 ☐ Somewhat.

2 ☐ Very well.

9. What effort is expended to measure the cost-effectiveness of different marketing expenditures?

0 ☐ Little or no effort.

1 ☐ Some effort.

2 ☐ Substantial effort.

10. What is the extent of formal marketing planning?

0 ☐ Administration does little or no formal marketing planning.

1 ☐ Administration develops an annual marketing plan.

2 ☐ Administration develops a detailed annual marketing plan and a careful long-range plan that is updated annually.

11. What is the quality of the current marketing strategy?

0 ☐ The current strategy is not clear.

1 ☐ The current strategy is clear and represents a continuation of traditional strategy.

2 ☐ The current strategy is clear, innovative, data-based, and well-reasoned.

12. What is the extent of contingency thinking and planning?

0 ☐ Adminstration does little or no contingency thinking.

1 ☐ Administration does some contingency thinking although little found contingency planning.

2 ☐ Administration formally identifies the most important contingencies and develops contingency plans.

13. How well is the marketing thinking at the top communicated and implemented down the line?

0 ☐ Poorly.

1 ☐ Fairly.

2 ☐ Successfully.

14. Is administration doing an effective job with the marketing resources?

0 ☐ No. The marketing resources are inadequate for the job to be done.

1 ☐ Somewhat. The marketing resources are adequate but they are not employed optimally.

2 ☐ Yes. The marketing resources are adequate and are deployed efficiently.

15. Does administration show a high capacity to react quickly and effectively to on-the-spot development?

0 ☐ No. Sales and market information is not very current and the administration reaction time is slow.

1 ☐ Somewhat. Administration receives fairly up-to-date sales and market information, reaction time varies.

2 ☐ Yes. Administration has installed systems yielding highly current information and fast reaction time.

[redacted] Director
[redacted]
[redacted]
[redacted] Ohio [redacted]

*This survey is adapted from Philip Kotler's audit appearing in "From Sales Obsession to Marketing Effectiveness", in the November-December, 1977, issue of Harvard Business Review. Modifications in this survey were made with permission granted by Dr. Kotler.

APPENDIX B

THE STRUCTURE OF THE MARKETING PLAN

BACKGROUND INFORMATION	Obtained through research.
ASSUMPTIONS	About the conditions under which our marketing activities will unfold. (State subsidies, local employment, cost of energy.)
GOALS AND OBJECTIVES	Stated in detail and in priority order. These will form the standards to judge progress. (Enrollment forecasts, etc.)
STRATEGIES	For achieving the above (objectives and strategies in pairs form a course of action.)
RATIONALES	For goals, objectives and strategies.
MARKETING RESOURCES	Necessary to implement objectives using specified strategies (promotion, personnel, and funds.)
TARGET DATES FOR COMPLETION OF ACTIVITIES RELATED TO STRATEGIES	Pert chart of Gantt chart.
MONITORING MECHANISMS	To provide information on progress toward goals (instruments.)
CONTINGENCY PLANS	Alternatives when things go wrong. (Murphy's and O'Toole's laws.)
SCHEDULED EVALUATIONS	To determine appropriate action for redirecting activities when performance is unsatisfactory.
CONTROL ACTIVITIES	Policy changes consistent with deficiencies.

APPENDIX B(continued)

SEVEN BASIC QUESTIONS IN STRATEGIC PLANNING

WHY?	...	RATIONALE
WHY NOT?	...	ASSUMPTIONS
WHAT IS?	...	KNOWLEDGE (WOTS-UP)
WHAT WILL BE?	...	OBJECTIVES
HOW?	...	STRATEGIES, POLICIES, RULES, RESOURCES
WHO WILL?	...	CONTROL (STANDARDS, MONITOR - ADAPT)
WHERE TO NEXT?	...	ADJUSTMENTS

APPENDIX B(continued)

WOTS UP PLANNING ISSUES

Institution	Date

WEAKNESS ☐ STRENGTH ☐

OPPORTUNITIES ☐ PROBLEM ☐

THREAT ☐

STATEMENT OF ISSUE:

OBSERVATION BASED ON:

OBJECTIVE:

WE SHOULD DO (STRATEGY):

COMMENTS:

Adapted from George Steiner's *Strategic Planning*, 1979

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